

PRESS RELEASE

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Madison, Wisconsin -- Erik C. Peterson, United States Attorney for the Western District of Wisconsin, announced that Falks Woodland Pharmacy, Inc. has agreed to pay \$300,000 as part of a civil settlement agreement. The civil case against Falks was one of the first internet pharmacy cases in the nation brought against a pharmacy.

United States Attorney Erik C. Peterson praised the settlement saying, "I hope that this settlement sends a clear message to pharmacists and physicians that compliance with all applicable federal laws will be strictly enforced in the Western District of Wisconsin."

The settlement resolves a civil lawsuit filed by the United States against Falks in which the following allegations were made: in August 2002, Falks Woodland Pharmacy, Inc., entered into a "Pharmacy Provider Agreement" with a Florida company named Medical Web Services. Medical Web Services operated multiple websites through which individuals could obtain prescriptions. Individuals accessing one of the websites would fill out a questionnaire. Medical Web Services would then send completed questionnaires to one of several doctors for review. The doctor would then either issue or deny the requested prescription. When a prescription was issued by

the reviewing doctor, Medical Web Services would transmit the prescription to one of its preferred pharmacies, including Falks. Falks generally shipped the medications to the customers via FedEx within 24 hours of receipt of the prescription from Medical Web Services.

Falks improperly filled numerous prescriptions because they were not in accordance with federal law, which requires that a legitimate physician/patient relationship exist before a prescription for a controlled substance be issued or filled. Because the Medical Web Services websites allowed customers to merely fill out a questionnaire which was then sent to a physician, there was no legitimate physician/patient relationship and the prescriptions should not have been filled.

Under the terms of the settlement agreement, the parties agreed that payments made pursuant to the agreement did not constitute an admission of wrongdoing or liability by Falks, nor a concession by the United States that its claims were not well founded.

This case was handled by Assistant United States Attorney Stephen Ehlke. This case was investigated by the Drug Enforcement Administration - Milwaukee District Office Diversion Control Group, assisted by the DEA Indianapolis and Minneapolis District Offices; the Wisconsin Department of Justice, Division of Criminal Investigation, and the Wisconsin Department of Regulation & Licensing - Division of Enforcement; the Douglas County Sheriff's Department, and the Superior Police Department.

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